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Washington LABOR MARKET

June 1989

Washington State
Employment Security

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Commissioner

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In cooperation with the
Employment and Training
Administration
U.S. Department of Labor

Highlights

The Beat Of A Different Drummer

For the month of May, Washington again out-paced the nation in generating new jobs. Total civilian employment jumped up 2.6 percent locally, but only 0.6 percent nationwide. Over the year comparisons showed a similar pattern, state employment rose 7.7 percent while national employment advanced 2.5 percent.

The rate of unemployment reported considerably more movement locally than nationally. In Washington, the jobless rate fell six-tenths of a point to reach 5.4 percent. The national figure dropped only one-tenth to reach 5 percent even. The fact that local and national rates have been converging recently is further evidence that the national economy is slowing while the local economy is still moving forward.

Though apples have been dominating the news on the agricultural front, winter wheat has also fared poorly because of the severe weather earlier this year. It is estimated that 38 percent of the crop was abandoned.

Volume 13, Number 6

Resident Civilian Labor Force, Employment and Unemployment In Washington State

	May 1989 prelim.	April 1989 revised	May 1988
Resident Civilian Labor Force	2,440,100	2,392,700	2,279,200
Employment	2,307,900	2,250,100	2,143,400
Unemployment	132,200	142,600	135,800
Unemployment Rate	5.4%	6.0%	6.0%
National Unemployment Rate	5.0%	5.1%	5.4%

Data in this table are not seasonally adjusted

INDUSTRY DEVELOPMENTS

Goods Doing Good...er, Well

Manufacturing has continued to hold its own during this economic expansion, adding 5,000 new workers this May and 19,900 since last May. That represents a 5.9 percent gain over the year, outpacing the 5.1 percent growth in total nonfarm employment. *Food and kindred products* exhibited its inherent seasonal nature, leading all other manufacturing industries in generating jobs over the month. This large over-the-month change, primarily in *canned and preserved fruits and vegetables*, was partially a result of weather related delays earlier in the season, May activity was the same as last years level.

In spite of all the hubbub surrounding the *logging and lumber* industry recently, employment remains amazingly resilient. May's employment level was 800 above that of April, and an equal amount above year-ago figures.

Will It Ever End?

Aerospace added another 1,700 workers in May, further expanding its record number of employees. This industry grew 11.3 percent since May of 1988, leading all other industries in relative annual gains.

Wait 'Til June

Only the *retail trade* division added more workers (5,600) this May than did manufacturing. *Eating and drinking establishments, food stores, building materials* and *apparel stores* represented close to 80 percent of these new retail jobs. The retail clerks labor dispute will not show up until June. Current Employment Statistics (CES) survey figures count workers employed

at any time during the week including the 12th of the month. Even though the strike/lockout began on May 11th that still included three days

Business services, *health-care* and *hotels and lodging places* paced job growth in the services division. Winding down of the school year and the end of tax season resulted in not unexpected downturns in *education* and *miscellaneous* services.

Services!?...Which Services?

One note about goods and services. Many discussions concerning the economy revolve around the emerging service sector, i.e. "*The New Service Economy.*" This needs clarification as there is duplication of terminology. *Services* can be a major industry division classification, a more general description of economic activity, or an occupational category. I'm glad I cleared that up. Services, the industrial classification, represents those industries coded from 70 through 89 in the Standard Industrial Classification (SIC) coding system. Or, in more general terms, it can represent any industrial activity outside of goods-production (See the figure below).

SIC	INDUSTRY DIVISION	
01-09	Agriculture, Forestry & Fishing	
10-14	Mining	
15-17	Construction	GOODS PRODUCTION
20-39	Manufacturing	
40-49	Transportation & Public Utilities	
50-51	Wholesale Trade	
52-59	Retail Trade	
60-67	Finance, Insurance & Real Estate	SERVICE PRODUCTION
70-89	Services	
90-93	Government	

Service can also describe those occupations coded between 301 and 389 in the Dictionary of Occupational Titles (DOT).

Needless to say, one should be very specific when discussing services so as not to confuse general economic activity, specific industries or occupations.

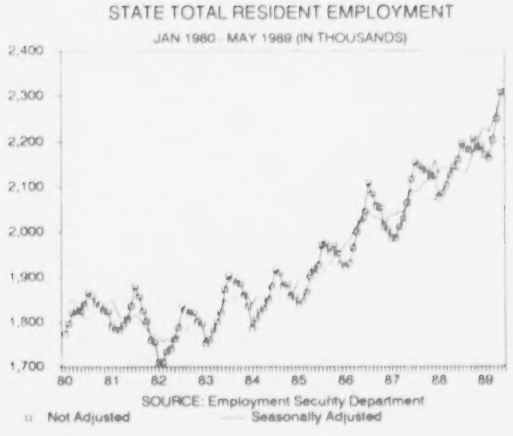
School Days

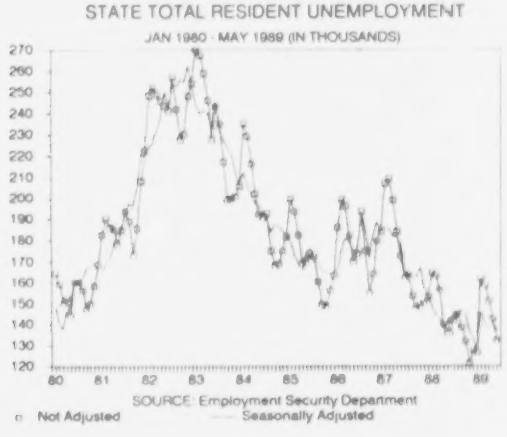
State and local education was the only non-manufacturing category to report an employment loss from April. The close of the school-year at Washington State University was responsible.

AREA TRENDS

There's Always Someone Rowing Against The Tide

Though all major regions within the state reported improved employment situations over the month and over the year, several small labor markets bucked this trend. Pacific and Whitman counties recorded higher jobless rates in May than in April. Whitman County is home to Washington State University at Pullman. As they operate on a semester basis, classes were over in May resulting in fewer workers employed at the university. As for Pacific, it appears that a short-term fluctuation in food products resulted in some additional jobless claims.





When Things Are Looking Good...Look Closer

While the state unemployment rate fell 0.6 percent over the year, five labor markets - Clallam, Cowlitz, Grays Harbor, Pacific and Stevens reported increased rates. For the most part, these areas are considered lumber based counties. Other small labor market areas are also dependent on logging and lumber, but these areas in particular have fared poorly because of their higher concentration of milling activity as opposed to logging. According to recent figures, one quarter of all the trees cut in Washington and Oregon end up on ships bound to Japan, China and Korea - two-thirds of those logs come

from Washington. Thanks to the relatively weak dollar on the foreign exchange markets, domestic mills are having trouble competing with those overseas willing to pay up to a 25 percent premium for the raw materials. As a result, logging operations are doing quite well, while some small area milling operations are languishing.

INDUSTRY NOTES

Even Mom's Apple Pie?!

Quite possibly the biggest industry news this spring has been that on apples. The growth inhibitor *ALAR* has, for all practical purposes, sullied the current crop of red variety apples. It is claimed that *ALAR* by itself is safe, but when heated during processing procedures, creates a carcinogenic, or cancer causing agent. Needless to say, sales of all varieties of apples have suffered. Industry estimates place the estimated loss at $40 to $50 million. The only good note for the current crop is that the Federal government is proposing a buy-out to help cut the huge surplus created by the scare.

He Who Hesitates...

Tollycraft, a boatbuilding firm located in Kelso, is expanding its operations to Bellingham. Apparently the availability of appropriate facilities and land in Kelso was limited, therefore the 188,000 square foot facility in Bellingham was purchased. Kelso operations employ 337 workers. The Bellingham operation is expected to employ over 100 by next year.

Wine Going Abroad

Prior to 1985, St. Michelle winery in Woodinville did not export any of its products. As of 1988, however, they posted $2.3 million in sales to 20 countries worldwide. As a result the winery received one of the *Governor's Export Awards* for 1988.

The Washington Agricultural Statistics Service in Olympia estimates that as much as 38 percent of the winter wheat crop was ruined by severe weather earlier in the year. The resulting harvest produced 68.9 million bushels, the lowest since 1962.

Boeing Building Burgeoning

Boeing is planning $500 million in improvements and new construction over the next two years. Record commercial jet orders have stretched Boeing's current production capacity, prompting these improvements.

Call It Coattails,
Call It Ripple Effect...

Other firms are profiting from this tremendous surge in commercial airliner orders. Eldec Corp., manufacturer of electronic components used in jetliners, reported sales of $97.6 million and profits of $4.58 million for its fiscal year ending in March.

According to Fortune Magazine, Safeco is the largest service company in Washington state. Safeco's assets were valued at $7.73 billion for 1988.

NATIONAL INDICATORS

I've Got Good News,
And I've Got Bad News

The Commerce Department's Index of Leading Indicators fell 1.2 percent between April and May, the third decline in four months. The downturn was pretty much across-the-board; only stock prices and building permits were positive. On the plus side of what appears to be a dismal report, materials prices also reported a decline; this not only signals a drop in demand, but also a slowing of inflation.

On a more positive note the Commerce Department reported that the sale of new homes rose 2.7 percent, and construction spending increased 1.3 percent to an annual rate of $421.3 billion.

The Conference Board reported that its Index of Consumer Confidence rose to 116.7 in May, whatever that means.

The National Association of Purchasing Management reported that their index fell to 48.8 percent in June (any index over 50 is considered positive). This was the second straight month of decline.

Help! Help!

The latest Help-Wanted Advertising Index for the nation stood at 151 in March of this year, compared to 158 for March of 1988. In comparison, the index for Seattle was 265 this March and 230 in 1988. The March index for Houston was 338, for Boston it was 113.

CONSUMER PRICE INDEX

(All Items, Urban Consumers, 1982-1984=100)

	INDEXES			PERCENT CHANGE Year Ending	
	MAY 1989	APR 1989	MAY 1988	MAY 1989	APR 1989
U.S. AVG	123.8	123.1	117.5	5.4%	5.1%
	JULY-DEC 1988		JULY-DEC 1987		July-Dec '87 - '88
SEATTLE *	113.8		110.3		3.2%

* The index for Seattle reflects prices in King, Pierce and Snohomish counties

Source: U.S. Department of Labor, Bureau of Labor Statistics.

NONAGRICULTURAL WAGE & SALARY WORKERS IN WASHINGTON STATE, PLACE OF WORK [1]

(In Thousands)

NOT SEASONALLY ADJUSTED Industry	May 1989 (Prel.)	April 1989 (REV.)	May 1988 (REV.)	April 1988 (REV.)	NUMERIC CHANGE April 89 to May 89	 May 88 to May 89
TOTAL NONAG. WAGE AND SALARY	2,033.3	2,011.3	1,934.1	1,913.2	22.0	99.2
MANUFACTURING	357.3	352.3	337.4	334.9	5.0	19.9
Durable Goods	257.7	254.9	239.2	237.7	2.8	18.5
Lumber & Wood Products	42.8	42.2	42.2	41.3	0.6	0.6
Furniture & Fixtures	4.3	4.3	4.2	4.1	0.0	0.1
Stone, Clay & Glass	7.6	7.4	7.5	7.4	0.2	0.1
Primary Metals	13.3	13.3	12.4	12.4	0.0	0.9
Aluminum	9.0	8.9	8.4	8.4	0.1	0.6
Fabricated Metals	11.1	11.2	10.7	10.5	-0.1	0.4
Machinery	33.6	33.5	31.0	31.2	0.1	2.6
Machinery (Exc. Elec.)	19.4	19.3	17.9	18.0	0.1	1.5
Electrical Equipment	14.2	14.2	13.1	13.2	0.0	1.1
Transportation Equipment	127.5	125.5	114.5	114.2	2.0	13.0
Aerospace	112.3	110.6	99.3	98.9	1.7	13.0
Other Transp. Equipment	15.2	14.9	15.2	15.3	0.3	0.0
Instruments & Related	11.7	11.7	11.6	11.4	0.0	0.1
Misc. Manufacturing	5.8	5.8	5.1	5.2	0.0	0.7
Nondurable Goods	99.6	97.4	98.2	97.2	2.2	1.4
Food & Kindred Products	34.4	32.5	33.7	33.0	1.9	0.7
Canned & Preserved Foods	13.2	11.6	13.2	12.6	1.6	0.0
Apparel & Allied Products	6.2	6.2	6.1	6.1	0.0	0.1
Paper & Allied Products	17.1	16.9	17.0	16.6	0.2	0.1
Printing & Publishing	21.8	21.8	21.3	21.1	0.0	0.5
Chemicals & Allied Products	10.1	10.0	10.7	11.0	0.1	-0.6
Other Nondurable Goods [2]	10.0	10.0	9.4	9.4	0.0	0.6
MINING & QUARRYING	3.5	3.4	3.3	3.3	0.1	0.2
CONSTRUCTION	103.8	99.4	94.7	90.8	4.4	9.1
TRANSP.,COMM. & UTIL	104.7	104.1	100.6	99.1	0.6	4.1
WHOLESALE & RETAIL TRADE	496.8	490.3	470.3	463.6	6.5	26.5
Wholesale Trade	119.5	118.6	114.1	113.6	0.9	5.4
Retail Trade	377.3 [3]	371.7	356.2	350.0	5.6	21.1
FIN. INS. & REAL ESTATE	113.9	113.0	109.4	108.5	0.9	4.5
SERVICES	469.5	466.8	446.2	441.3	2.7	23.3
Health Services	138.4	137.5	133.1	132.8	0.9	5.3
GOVERNMENT	383.8	382.0	372.2	371.7	1.8	11.6
Federal	72.4	71.7	71.5	71.2	0.7	0.9
State & Local	311.4	310.3	300.7	300.5	1.1	10.7
Education	168.2	168.4	162.7	163.5	-0.2	5.5
WORKERS IN LABOR MANAGEMENT DISPUTES	0.3	0.0	0.3	0.0	0.3	0.0

[1] Excludes proprietors, self-employed, members of the armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month.

[2] Includes textile mill products, rubber and miscellaneous plastic products, petroleum refining and related products and leather products.

[3] Workers excluded because of involvement in labor management disputes.

STATE OF WASHINGTON 5.4

Washington State
Employment Security Department
Labor Market and Economic Analysis Branch

RESIDENT LABOR FORCE AND EMPLOYMENT IN WASHINGTON STATE AND LABOR MARKET AREAS

Date: 6/30/89
Benchmark: 1988

	MAY 1989 PRELIMINARY [1]				APRIL 1989 REVISED [1]				MAY 1988 REVISED [1]			
	Labor Force	Employment	Unemployment	Unemp. Rate	Labor Force	Employment	Unemployment	Unemp. Rate	Labor Force	Employment	Unemployment	Unemp. Rate
Washington State Total	2,440,100	2,307,900	132,200	5.4	2,392,700	2,250,100	142,600	6.0	2,279,200	2,143,400	135,800	6.0
Bellingham MSA	61,900	58,100	3,800	6.1	60,100	56,100	4,000	6.7	58,300	54,100	4,200	7.2
Bremerton MSA	79,200	75,700	3,500	4.4	78,100	74,300	3,800	4.9	75,300	71,100	4,200	5.6
Olympia MSA	80,000	75,900	4,100	5.1	79,200	74,800	4,400	5.6	73,900	69,400	4,500	6.1
Seattle PMSA	1,099,500	1,050,400	49,100	4.5	1,076,800	1,027,900	48,900	4.5	1,010,900	961,800	49,100	4.9
King County [2]	870,200	831,700	38,500	4.4	851,500	813,900	37,600	4.4	799,700	761,600	38,100	4.8
Snohomish County [2]	229,300	218,700	10,600	4.6	225,300	214,000	11,300	5.0	211,300	200,300	11,000	5.2
Spokane MSA	175,100	165,900	9,200	5.3	172,500	162,800	9,700	5.6	165,000	155,200	9,800	5.9
Tacoma PMSA	253,800	239,500	14,300	5.6	253,800	238,400	15,400	6.1	238,100	223,100	15,000	6.3
Tri-Cities MSA	72,500	67,600	4,900	6.8	68,300	62,500	5,800	8.5	70,900	65,800	5,100	7.2
Benton County [2]	55,300	52,200	3,100	5.6	52,000	48,300	3,700	7.1	54,800	50,900	3,900	7.1
Franklin County [2]	17,200	15,400	1,800	10.5	16,400	14,200	2,200	13.4	16,200	15,000	1,290	7.4
Vancouver PMSA	121,500	115,600	5,900	4.9	118,900	112,800	6,100	5.1	114,100	107,700	6,400	5.6
Yakima MSA	97,300	88,000	9,300	9.6	96,300	84,700	11,600	12.0	93,200	84,300	8,900	9.5
Adams	7,080	6,520	560	7.9	6,730	6,090	640	9.5	6,560	6,000	560	8.5
Asotin	9,940	9,540	400	4.0	9,200	8,800	400	4.3	9,440	8,890	550	5.8
Clallam	23,020	21,340	1,680	7.3	22,510	20,690	1,820	8.1	22,690	21,070	1,620	7.1
Columbia	3,020	2,860	160	5.3	2,450	2,200	250	10.2	2,990	2,810	180	6.0
Cowlitz	37,800	35,310	2,490	6.6	36,450	33,720	2,730	7.5	35,500	33,190	2,310	6.5
Ferry	2,900	2,570	330	11.4	2,860	2,420	440	15.4	2,780	2,460	320	11.5
Garfield	1,130	1,100	30	2.7	1,080	1,030	50	4.6	1,060	1,020	40	3.8
Grant	25,980	24,000	1,980	7.6	24,650	22,050	2,600	10.5	25,120	23,070	2,050	8.2
Grays Harbor	25,520	23,340	2,180	8.5	25,340	22,920	2,420	9.6	25,780	23,630	2,150	8.3
Island	20,970	20,200	770	3.7	19,960	19,190	770	3.9	19,100	18,120	980	5.1
Jefferson	8,230	7,870	360	4.4	8,280	7,840	440	5.3	7,920	7,500	420	5.3
Kittitas	11,870	10,740	1,130	9.5	11,700	10,340	1,360	11.6	11,270	10,200	1,070	9.5
Klickitat	8,140	7,220	920	11.3	7,810	6,650	1,160	14.9	7,660	6,770	890	11.6
Lewis	25,810	24,010	1,800	7.0	25,280	23,240	2,040	8.1	24,370	22,500	1,870	7.7
Lincoln	4,530	4,380	150	3.3	4,320	4,150	170	3.9	4,350	4,180	170	3.9
Mason	14,900	14,020	880	5.9	14,670	13,710	960	6.5	12,890	11,990	900	7.0
Okanogan	15,670	14,000	1,670	10.7	15,760	13,690	2,070	13.1	15,020	13,260	1,760	11.7
Pacific	7,710	7,070	640	8.3	7,510	6,900	610	8.1	7,180	6,630	550	7.7
Pend Oreille	3,610	3,250	360	10.0	3,510	3,070	440	12.5	3,240	2,840	400	12.3
San Juan	5,400	5,170	230	4.3	5,180	4,950	230	4.4	5,280	5,050	230	4.4
Skagit	33,530	30,860	2,670	8.0	32,930	30,100	2,830	8.6	33,180	30,280	2,900	8.7
Skamania	2,650	2,340	310	11.7	2,870	2,420	450	15.7	2,260	1,940	320	14.2
Stevens	12,460	11,500	960	7.7	12,340	10,990	1,350	10.9	11,580	10,720	860	7.4
Wahkiakum	1,170	1,120	50	4.3	1,160	1,090	70	6.0	1,200	1,120	80	6.7
Walla Walla	25,820	24,670	1,150	4.5	24,770	22,680	2,090	8.4	25,320	24,060	1,260	5.0
Wenatchee Labor Area	41,070	37,230	3,840	9.3	39,910	35,770	4,140	10.4	37,670	33,910	3,760	10.0
Chelan County [2]	27,660	24,930	2,730	9.9	27,010	23,950	3,060	11.3	25,390	22,710	2,680	10.6
Douglas County [2]	13,410	12,300	1,110	8.3	12,900	11,820	1,080	8.4	12,280	11,200	1,080	8.8
Whitman	19,590	19,060	530	2.7	19,600	19,220	380	1.9	18,300	17,730	570	3.1

1 Official U.S. Department of Labor, Bureau of Labor Statistics data.
2 Estimates are determined by using the Population/Claims Share disaggregation methodology.
Note: Detail may not add due to rounding.

ESTIMATED AVERAGE HOURS AND EARNINGS OF PRODUCTION WORKERS IN MANUFACTURING AND OF NONSUPERVISORY WORKERS IN NONMANUFACTURING ACTIVITIES, STATE OF WASHINGTON

	Preliminary May Production/ Nonsupervisory Workers	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
		May-89	Apr-89	May-88	May-89	Apr-89	May-88	May-89	Apr-89	May-88
TOTAL MANUFACTURING INDUSTRIES*	214,091	$501.43	$503.03	$477.09	41.0	40.6	40.5	$12.23	$12.39	$11.78
SELECTED MANUFACTURING INDUSTRIES										
Lumber and Wood Products	35,917	$456.80	$457.94	$431.83	40.0	40.1	39.8	$11.42	$11.42	$10.85
Primary Metal Industries	10,249	$546.98	$533.73	$533.46	42.8	41.6	43.3	$12.78	$12.83	$12.32
Fabricated Metal Products	8,951	$484.70	$485.69	$449.35	40.8	41.3	40.3	$11.88	$11.76	$11.15
Machinery	22,124	$380.42	$387.89	$375.56	39.3	39.5	39.7	$9.68	$9.82	$9.46
Food and Kindred Products	25,811	$366.21	$350.30	$348.38	39.0	35.6	39.1	$9.39	$9.84	$8.91
Chemical and Allied Products	4,158	$692.22	$688.32	$609.41	41.5	40.3	38.4	$16.68	$17.08	$15.87
Transportation Equipment	60,030	$635.60	$642.02	$608.57	44.2	44.4	43.1	$14.38	$14.46	$14.12
SELECTED NONMANUFACTURING INDUSTRIES										
Construction	75,690	$616.40	$613.98	$605.51	37.7	37.9	37.4	$16.35	$16.20	$16.19
Wholesale and Retail Trade (does not include eating and drinking establishments)	306,971	$320.97	$336.78	$308.40	33.4	34.4	32.6	$9.61	$9.79	$9.46

*** Average hourly earnings for all manufacturing production workers reported in this table do not exactly reflect the official US Bureau of Labor Statistics definition of "wages". While these data still constitute a valid economic indicator series, they should not be used at this time for the negotiation of contracts whose monetary provisions depend upon official US Bureau of Labor Statistics hourly earning data.**

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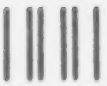

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